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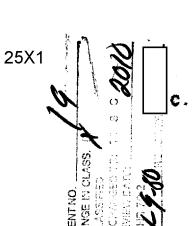
MSC BRIEFING

24 September 1954

SITUATION IN SOUTH VIETNAM

- I. Vietnamese cabinet crisis likely to be resolved by maneuvering, backstage deals rather than by armed test of strength.
 - A. But, in either case, strength of French expeditionary corps is major factor.
 - 1. French forces, about 100,000 in south with 67,000 still to be deployed from north, far outclass Vietnamese army with 145,000 in south and 35,000 still in north.
 - B. Moreover, French control arms supply.
 - senior Vietnamese officers to back

 Diem, thus invite French displeasure.
 - Armed forces at Diem's disposal virtually nonexistent.
 - 1. Premier can probably count on negative factor that bulk of army rank and file would not move against him.
 - 2. Only other armed groups are those of warlords, still uncommitted.
 - 3. Cao Dai have 10,000 under arms.



State Department review completed

- 4. Hoa Hao has 15-20,000 but these under different commanders with no common loyalty.
- 5. Binh Xuyen has armed strength of 3-5,000.
- II. Diem must win Cao Dai and Hoa Hao support to have any chance at all.
 - A. With some armed backing he could count on French reductance to permit armed outbreak for room to maneuver.
 - B. Early "alliance" of Cao Dai, Hoa Hao, Binh Xuyen was short-lived; first two disturbed by Binh Xuyen's greed.
 - C. Cao Dai spokesman for past three days has been telling our embassy his group and Hoa Hao on point of joining in support of Diem.
 - 1. Says Ely urged them to do this but his subordinates are advising them otherwise; said they were getting dizzy from conflicting French advice.
 - French subsidies to these groups give them leverage.
- III. Apart from armed strength, Bao Dai is key factor in situation.
 - A. Legally, only he can order change in government.

- B. All elements in conflict have their men running down to the Riviera to work on him.
- C. French official in Paris asserted earlier in week that Bao Dai would act to cause Diem's removal in few days.

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